

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | KATE FITZPATRICK | ELIZABETH FONTAINE | JOHN B. LANGAN | JAMES M. MACHADO | ROBERT B. MCCARTHY

## MEMORANDUM

TO: Milford Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: October 27, 2015

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on October 1 of each fiscal year. The schedule is effective in FY16 (since the amount under the prior schedule was maintained in FY16) and is acceptable under Chapter 32.

Although the schedule is acceptable, we would have preferred the Board adopt a more aggressive funding schedule. The schedule completes the amortization of the unfunded actuarial liability in FY38. We believe establishing a schedule that completes this amortization by FY35 should be a top priority. We will revisit this issue at the time of the next actuarial valuation.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



**Alternative 1**  
**7.60% Investment Return**  
**5.5% Total Increasing FY37**

**Milford Retirement System**  
**January 1, 2015 Actuarial Valuation**

Total Cost Increasing 5.5% until FY37

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Amort. of 2002 ERI</u>	<u>Amort. of 2003 ERI</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>% Increase Total Cost</u>
2016	1,496,937	40,000	2,703,455	188,442	24,866	4,453,700	55,387,567	
2017	1,564,299	40,000	2,871,494	196,922	25,985	4,698,700	56,514,999	5.5%
2018	1,634,692	40,000	3,049,470	205,784	27,155	4,957,100	57,540,414	5.5%
2019	1,708,253	40,000	3,238,026	215,044	28,377	5,229,700	58,445,101	5.5%
2020	1,785,125	40,000	3,437,801	224,721	29,654	5,517,300	59,208,229	5.5%
2021	1,865,455	40,000	3,649,523	234,833	30,988	5,820,800	59,806,686	5.5%
2022	1,949,401	40,000	3,873,716	245,401	32,382	6,140,900	60,214,812	5.5%
2023	2,037,124	40,000	4,111,193	256,444	33,840	6,478,600	60,404,421	5.5%
2024	2,128,794	40,000	4,362,759	267,984	35,362	6,834,900	60,344,300	5.5%
2025	2,224,590	40,000	4,629,213	280,043	36,954	7,210,800	59,999,986	5.5%
2026	2,324,697	40,000	4,911,442	292,645	38,617	7,607,400	59,333,531	5.5%
2027	2,429,308	40,000	5,210,323	305,814	40,354	8,025,800	58,303,132	5.5%
2028	2,538,627	40,000	5,526,827	319,576	42,170	8,467,200	56,862,856	5.5%
2029	2,652,865	40,000	6,240,035			8,932,900	54,962,223	5.5%
2030	2,772,244	40,000	6,611,956			9,424,200	52,545,766	5.5%
2031	2,896,995	40,000	7,005,505			9,942,500	49,552,665	5.5%
2032	3,027,360	40,000	7,421,940			10,489,300	45,916,241	5.5%
2033	3,163,591	40,000	7,862,609			11,066,200	41,563,419	5.5%
2034	3,305,953	40,000	8,328,847			11,674,800	36,414,147	5.5%
2035	3,454,720	40,000	8,822,180			12,316,900	30,380,875	5.5%
2036	3,610,183	40,000	9,344,117			12,994,300	23,367,791	5.5%
2037	3,772,641	40,000	9,896,359			13,709,000	15,270,202	5.5%
2038	3,942,410	40,000	6,083,011			10,065,421	5,973,666	-26.6%
2039	4,119,818	40,000				4,159,818	0	

Appropriation payments assumed to be made October 1 of each fiscal year  
Normal cost assumed to increase 4.5% per year  
Total cost increases 5.5% until FY37 with final amortization payment in FY38